

Feeding the Celtic Tiger: Ireland's Strong Economy Wants Imports

By Mike Hanley

Ireland is a small country, with big potential for U.S. exporters. Agribusinesses will find that there are ample opportunities—as easy to discover as opening a newspaper!

Good News: Irish Economy on a Roll

Ireland was always a good place to do business. However since the mid-1990's, as the Celtic Tiger blossomed from a cub, the economy has boomed. The availability of a highly educated workforce, which was once dependent on emigration for employment, attracted much needed foreign direct investment. This, together with strong government fiscal policy, created the boom. Transportation and other infrastructure are good. There are now over 550 U.S. companies with branches in Ireland.

Consumer demand for more diverse, quality foods from overseas markets has resulted in niche market opportunities for exporters from the United States and elsewhere, according to Thomas Hamby, U.S. Minister Counselor for Agricultural Affairs at the American Embassy in London.

So will it be hard to find products for the Irish palate? Hardly! Finding opportunities in the Emerald Isle is as simple as learning your ABCs!

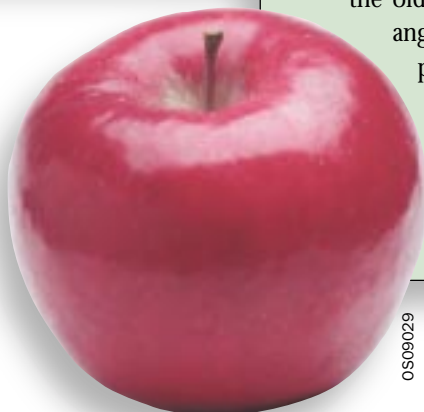
An Opportunity for Fruitful Trade

Irish farmers have no problem raising a wide range of vegetables; however, the old sod seems little disposed to production of mangos and oranges. Africa and southern members of the European Union supply much of the fruit, but U.S. apples, pears and citrus do make a presence.

U.S. fruit producers could do more with the right marketing. Strong marketing efforts for U.S. pears, for example, have helped them gain significant market acceptance over European brands.



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A Is for Alcoholic Beverages

U.S. wine exports to Ireland now hold a 12-percent share of the country's imports and continue to grow. The success of U.S. wines in sustaining such a market share reflects the wisdom of a few vintners who market their product at a popular price of about \$7 a bottle.

According to Peter Dunne, director of Mitchell and Sons, one of the oldest wine stores in Dublin, the Irish wine market has performed remarkably in the past 10 years—outstripping growth in other European Union (EU) markets. Irish wine consumers, says Dunne, are becoming more and more sophisticated; small U.S. boutique wines are widely sought after. Dunne points out that a few U.S. vintners have recognized this and have actually reserved a certain percentage of their products for this market.

Import and excise duties account for almost half of that retail price. Irish consumers have a vast array of wines available to choose from, and are always eager to try something new, so brand loyalty at the lower price bracket is difficult to maintain.

The main competition continues to be from the EU, Australia and New Zealand. Strong marketing by Chile and even more so by South Africa during the past few years have increased their market shares.

Even with the nation's reputation for brewing good stout and ale, Irish consumers buy U.S. beer. In fact, Irish beer distributors continue to seek out new brands, especially those aimed at niche markets. Potential exists for microbreweries to enter the market—and there is also interest in low-alcohol and non-alcoholic beers.

Making Your Irish Entry

Grocery retailing in Ireland has for years been structured around major supermarket chains in major cities, with smaller groceries in villages and neighborhoods.

In Ireland as elsewhere, the supermarket world is going through an upheaval as modernization takes over; three-quarters of the retail market is controlled by supermarket chains and independent stores, operating under a franchise group name. Irrevocably, consolidation is gaining ground.

Irish retailers know what they want—as well they should, traveling extensively to international trade shows.

Retailers generally use an importer to bring the world to their customers. They count on importers and distributors to handle the logistics and paperwork.

Initial contact with the main supermarket chains should be made by mail or e-mail. FAS' Agricultural Affairs Office in Dublin can provide exporters with current addresses and contact information.

B Is for Breakfast and Biscuits

Trade sources currently value the Irish breakfast cereal market at \$130 million. The main players are cereal producers in the United Kingdom and Ireland, but opportunities exist for the United States to move into this value-added market.

Think in terms of cold cereal, as the hot breakfast cereal market is dominated by Irish oat-based brands. Cold cereals that are organic or “natural” might have an advantage.

Biscuits—which is what Irish consumers call cookies—represent a \$170- million market, with a volume of 30,000 metric tons. While the market is dominated by regional producers, there are opportunities for U.S.-style cookies, as well as bagels.

Think Irish palates won't be tickled by U.S. tastes? Think again. The Irish press reported the success of two Irish-American sisters who opened a U.S. bagel chain store and found themselves very busy at lunchtime, thanks to nearby businesses.

Domini Kemp, co-owner of the chain, says that the recent strong economy has resulted in the return of a large number of Irish citizens living abroad. Now that Irish tastes have become correspondingly more global and sophisticated, there is a passion for gourmet foods. Testament to this is her thriving business at the retail level, her growing distribution network for bagels and her retail expansion plans.

The popularity of the bagels—as well as cookies and other baked goods that can serve as snacks—makes sense. Trade sources say that the Irish



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rank as the second-largest per capita consumers of snacks. The United States could achieve significant growth in this sector—valued at \$150 million at the retail level.

C Is for Condiments

Irish consumers' interest in foods from beyond their shores is manifest in their purchases of sauces, a market valued at \$40 million. Everything goes, from Asian-style stir-fry ingredients to Jamaican jerk sauce.

William Rochford of Dublin-based BR Marketing was quick to recognize the changing attitudes toward foods in Ireland. Rochford said that Irish people are generally quality oriented. While prepared foods are gaining market acceptance, Irish people still like to cook and are eager to try different tastes.

Rochford noted that Ireland's close cultural links with the United States help U.S. brands to succeed in the marketplace. But he advised that the Irish consumer generally ranks quality and taste before price. He also said that U.S. exporters can help with their

own success by providing promotional support such as point-of-sale material and advertising backup.

Their favorite country of sauces, is Italy. Pasta sauce now accounts for 30 percent of all sales in this market, and is growing at the rate of about 10 percent annually.

Niche market opportunities exist in this sector since consumers are tiring of traditional pasta sauces and now look for brands that incorporate non-Italian flavors.

One key difference: often these not-for-spaghetti sauces are packaged in powder form. They are usually flavorings for meats or fish. Trade sources expect the market for these power powders will grow; it is generally believed that Tex-Mex flavors have the best potential.

A Nation Gone to the Dogs



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The image of an Irish farmer with his faithful hounds at his feet, seated beside the turf fire, is almost a sentimental cliché. It is true, however, that Ireland is a nation of dog lovers.

Statistics show that almost half of the nation's 1.5 million households have dogs. And what does an Irish hound feast on? Often, it's table scraps. Less than half of all owners buy pet foods.

Fortunately for pets and pet food exporters, veterinarians have long maintained that human food may be too rich and unhealthy for canines. The total pet food market in Ireland is estimated to be \$76 million, with dog food accounting for almost two-thirds of those sales. Dry dog food has shown substantial growth in the past few years.

Cat food sales are also on the rise as more urban pet owners favor felines over Fido.

Fishing for Better Exports

At first, the thought of exporting fish to Ireland seems counterintuitive. This is a country where fishermen are legendary national icons, revered as much as cowboys in the United States. An island on which no home stands more than 60 miles from the sea . . .

The truth is, Irish consumers are choosing fish more and more in the wake of Bovine Spongiform Encephalopathy fears.

And, while the Atlantic Ocean is good to Ireland, it's natural that Irish consumers would want a little variety in their seafood. Fish native to the United States could provide the flavor break their taste buds seek.

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